PEKAT SOLAR SDN BHD v. SURIA DAN SONNE SDN BHD & ANOR

HIGH COURT MALAYA, KUALA LUMPUR
AZLAN SULAIMAN JC
[CIVIL SUIT NO: WA-22IP-61-10-2021]
22 MAY 2023

Abstract – *(i) In a situation where an employee is running a company that has a similar business to an employer, as to avoid conflict of interest, the employee is obliged to disclose his interest in the said company from the outset when he applies for the job with the employer; (ii) Liability to pay an employment bond is not just restricted to resignation but also upon being terminated, as it would still amount to leaving the company; (iii) Malaysian law does not recognise invasion of privacy as an actionable tort; (iv) An ongoing business concern is entitled to use whatever assets it has at its disposal, be it movable and immovable property or human capital, to further and promote its business.*

INTELLECTUAL PROPERTY: *Copyright – Infringement – Photographs – Claimant discovered photos of subcontracted works displayed on alleged infringer's website – Who was author of photos – Whether claimant's employee – Whether photos eligible for copyright – Whether claimant owned copyright to photos – Whether alleged infringer obtained claimant's permission to reproduce photos on website – Copyright Act 1987, s. 13(1)(a) & (aa)*

TORT: *Passing off – Allegation of – Employee director of company running similar business as employer – Whether there was real likelihood of confusion or deception of public of commercial connection between tortfeasor and injured party – Whether tortfeasor passing its services off as services of injured party – Whether there was misrepresentation – Whether there were damages – Whether claim for tort of passing off ought to be allowed*

TORT: *Conversion – Allegation of – Employee director of company running similar business as employer – Employer terminated employee's employment and demanded for return of company's assets/properties/equipment – Employee failed to return items – Whether explanation given justified – Whether retention of items unreasonable and unacceptable – Whether employee's acts deprived employer from use and possession of items – Whether constituted tort of conversion*

CONTRACT: *Employment contract – Breach – Bond – Employee director of company running similar business as employer – Employer terminated employee's employment – Whether employee resigned – Whether employee liable to pay bond*

The plaintiff and the first defendant were in the business of supplying and installing the photovoltaic system or the solar power system ('PV system'). Between November 2018 and January 2020, the plaintiff had subcontracted to the first defendant the installation works of its PV system on four of its projects ('subcontracted installation works'). From 28 January 2016 until he was sacked on 7 April 2021, the second defendant was engaged by the plaintiff, first as a Senior Project Engineer and later as an Assistant Project Manager. In late 2016, the second defendant wanted to accompany his wife overseas to further her studies. The plaintiff accommodated by continuing to employ the second defendant as he followed her abroad, working from a distance. The other side of that coin was that the second defendant would be bonded to the plaintiff for five years and if he breaks that bond, he would be liable to pay RM80,000 ('bond') to the plaintiff as compensation. What the plaintiff did not know was that the defendants were making hay at the plaintiff's expense behind the plaintiff's back all that while. The plaintiff's rude awakening came through the media when the first defendant was featured in a newspaper article ('Kosmo article') which reported that the second defendant was the first defendant's 'Ketua Pegawai Operasi dan juga pengasas'. The plaintiff proceeded to sack the second defendant. The second defendant, however, did not return the mobile phone which the plaintiff had provided for the second defendant and although he returned the laptop to the plaintiff, the second defendant retained the hard drive disc from it, refusing to return it. The plaintiff then discovered: (i) photos of the subcontracted installation works were displayed on the first defendant's website; (ii) the second defendant had actually founded the first defendant in 2015 which was even before he joined the plaintiff and that he was and had remained a director until 20 January 2020, for almost four years when he was also in the plaintiff's employ; (iii) the second defendant's wife had replaced him as a director but three months before he was sacked, on 1 March 2021, the second defendant was re-appointed as the director of the first defendant; (iv) at all times, the second defendant was a shareholder in the first defendant and had never ceased to be one throughout his employment with the plaintiff; and (vi) as at 14 March 2023, the second defendant was the majority shareholder in the first defendant, holding 53% of shares. By this action, the plaintiff brought claims against the first and/or second defendants for copyright infringement, passing off, breach of confidence, conversion and breach of contract of employment. The second defendant counterclaimed against the plaintiff for damages for breach of his privacy in the use of his name in the plaintiff's e-Perolehan renewal application to the Ministry of Finance, Malaysia ('MOF'). The issues that arose were: (i) whether the photos were protected by copyright and if so, whether the defendants had infringed the plaintiff's copyright pursuant to s. 36(1) of the Copyright Act 1987 by publishing them on the first defendant's website; (ii) whether the defendants had committed the tort of passing off against the plaintiff by

publishing the photos on the first defendant's website; (iii) whether the defendants breached the plaintiff's confidence with regard to the confidential information; (iv) whether the second defendant committed the tort of conversion in respect of the mobile phone and the hard drive disc together with all the confidential information contained therein; (v) whether the second defendant breached the terms of his employment with the plaintiff; and (vi) whether the use of the second defendant's name in the plaintiff's e-Perolehan renewal application to the MOF was a breach of the second defendant's privacy and/or caused him losses.

Held (first defendant liable to plaintiff only for copyright infringement; second defendant liable to plaintiff only for conversion and breach of contract of employment; and dismissing second defendant's counterclaim):

(1) In Appendix 2 of the statement of claim, after each of the photos was a table with particulars of each of them. Except for the fourth photo, one of the particulars was 'photo author'. The three identified the photo author as one Zharif, the employee of the plaintiff. The plaintiff testified that all four photos were taken by Zharif whilst he was in the plaintiff's employ. The defendants' only plea in relation to the photos was a general denial of them and that being photographs, they were not entitled to copyright or copyright protection. The evidence of the plaintiff was accepted over the defendants. Zharif authored all four photos whilst under the plaintiff's employment. The photos were eligible for copyright and the plaintiff did indeed own the copyright to them. (paras 15, 16, 18, 20 & 24)

(2) Under s. 13(1)(a) and (aa) of the Copyright Act 1987, as the owner of the copyright in the photos, the plaintiff had the exclusive right to control in Malaysia the reproduction in any material form and the communication to the public of the photos. Although the first defendant was the plaintiff's subcontractor for the subcontracted installation works, there was no evidence that it had obtained the plaintiff's permission to reproduce the photos on its website. Therefore, the first defendant had infringed the plaintiff's copyright in the photos by publishing them on its website. However, the second defendant was not similarly liable for copyright infringement. The plaintiff's case all along for copyright infringement was the reproduction of the photos on the first defendant's website, not any reproduction by the second defendant personally. Although the plaintiff did contend that it must have been the second defendant who did that, there was no proof of that. Nor did the plaintiff plead or pursue lifting the corporate veil of the first defendant to reveal the actions of the second defendant behind that. (paras 25-28)

(3) Exhibit D1 contained 56 photographs, inclusive of the photos. This meant that there were 52 other images and not just the four that the plaintiff adduced in Appendix 2 of the statement of claim. Even though the plaintiff's focus was on the photos and in essence, asked the court to disregard all of the other 52 photographs that appeared in exh. D1 for the purpose of finding passing off against the defendant, this court did not think so. All 56 photos that appeared in exh. D1 must be considered collectively to ascertain whether there exists a real likelihood of confusion or deception of the public of a commercial connection between the first defendant and the plaintiff that the first defendant was passing its services off as the services of the plaintiff. All those 56 photographs collectively showed three scenarios, namely that the first defendant was carrying out (i) the full PV system contract itself, as a PV system contractor under an engineering, procurement, construction and commissioning ('EPCC') contract; (ii) the full PV system contract as subcontractor for the actual PV system/EPCC contractor; or (iii) the engineering installation works of a PV system as subcontractor for the actual PV system/EPCC contractor. Collectively, by all those photographs, the first defendant was not passing off its services as the services of the plaintiff. The plaintiff had not established misrepresentation. No misrepresentation meant no damages, actual or otherwise. Therefore, the plaintiff's claim for passing off was dismissed. (paras 38, 42, 43, 44, 47, 53 & 54)

(4) The defendants argued that the plaintiff's information was not confidential because the PV system of all PV system providers were required to comply with Malaysian Standard MS 1837:2018 for 'Installation of grid-connected photovoltaic (PV) system (Second Revision) ('MS 1837'). The court disagreed. Notably absent (from Item 1 of MS 1837 under the title 'Scope'), was the word 'design' which suggested the design of a PV system was not governed by MS 1837 and was largely left to the creativity of designers according to the prevailing technology which obviously develops over time. As MS 1837 merely set out general installation requirements and guidelines for PV systems, it did not affect the confidentiality of the plaintiff's confidential information. Therefore, the second defendant's argument that the plaintiff's confidential information was not confidential was rejected and the court held that it was. (paras 61-65)

(5) The confidential information as set out in Appendix 1 of the statement of claim was pretty extensive and encompassing. The plaintiff, however, simply listed out what looked like an exhaustive list of all its confidential information and was asking the court to assume a breach of confidence for all of them because the second defendant retained the hard drive and the mobile phone that contained them. If

indeed the second defendant had actually communicated the confidential information to the first defendant and the first defendant had used it, then the first defendant's business would be a clone of the plaintiff's. Yet, the plaintiff did not adduce any evidence that the first defendant's business system was even similar to the plaintiffs, nor drew any parallels or comparisons between them apart from being competitors in the same industry. The plaintiff failed to establish its claim for breach of confidence against both defendants and this claim against them was dismissed. (paras 68, 76, 76 & 78)

(6) When the plaintiff demanded for the return of the hard drive, laptop and mobile phone, when it terminated the second defendant's employment and contended that he was obliged to return them, the second defendant never disputed his obligation to return them but merely tried to justify why he could not return them *ie*, that they contained his personal data and he feared that the plaintiff would misuse it. The court rejected this attempt at justifying his retention of those items. The deletion of his personal information could always be managed without retaining the hard drive or the mobile phone. His excuses were unreasonable and unacceptable. Given that the second defendant tried to justify his retention of those items with unreasonable and unacceptable excuses, his conduct in retaining them was deliberate and unwarranted. It necessarily followed that the second defendant's acts deprived the plaintiff from the use and possession of them. The second defendant's failure to return the hard drive, the mobile phone and the trade information related to the plaintiff's business contained in them constituted conversion and he was therefore liable to the plaintiff for that claim. (paras 87, 92, 93 & 95)

(7) Given the terms of his employment with the plaintiff, it was not up to the second defendant to subjectively and unilaterally determine whether or not he should have disclosed his links with the first defendant to the plaintiff. He was obliged to disclose his interest in the first defendant to the plaintiff from the outset when he applied for a job with the plaintiff and let the chips fall where they may. Another context and angle was this: if the second defendant was genuinely not involved in the first defendant's business when employed by the plaintiff, why not disclose it? The concealment of that fact over a period of many years indicated that he knew it was wrong to put his fingers in many pots but nevertheless proceeded to do so as long as the plaintiff did not find out. (paras 106 & 108)

(8) The second defendant's resistance to the claim that he had breached the condition and was liable to pay to the plaintiff the bond was purely technical. He contended that because he resigned, he did not breach

that condition and was not liable to pay the bond to the plaintiff. The second defendant's contention was rejected. By appearing so blatantly and prominently in the Kosmo article, in his mind he had already resigned from the plaintiff and was asking to be sacked. He well knew that if he resigned, he would certainly have to pay the bond. His acting up was calculated to avoid that. Further, liability to pay the bond was not just restricted to resigning but also upon being terminated as it would still be leaving the company. If not, any employee with that same condition would simply act up whenever they want to leave the company and get dismissed just to avoid paying such bond. The second defendant had breached that condition and was liable to the plaintiff for the bond. (paras 112-115 & 117)

(9) Under the terms of the second defendant's employment, absences without leave would be dealt with internally through disciplinary proceedings which could have culminated in termination of employment. The plaintiff's claim for restitution of the remuneration paid to him in that period of absences had no basis and the plaintiff itself did not adduce any case authorities to advance or support that position. (paras 118 & 119)

(10) The assets (which were allegedly damaged) were the laptop and the mobile phone which were adduced and marked as exhibits. To say they were damaged was an understatement; they were smashed. The damage was substantial to the extent that the laptop and mobile phone were beyond any further use. The court found for the plaintiff on this breach. Save for the allegation that he was absent without leave, the second defendant breached his contract of employment with the plaintiff conversion, for acting in conflict of interest, breaching the bond and damaging the plaintiff's asset/property/equipment. (paras 120 & 123-125)

(11) The plaintiff applied to MOF for e-Perolehan renewal and for the purpose of that application, had listed the second defendant as its project engineer under the category 'pengurusan'. The second defendant contended that the using of his name was without his consent and was therefore a breach of his privacy, for which he was entitled to damages. The law, however, does not recognise invasion of privacy as an actionable tort in Malaysia. Even if invasion of privacy was an actionable tort in Malaysia, the court would still not have found the plaintiff liable to the second defendant. Firstly, an ongoing business concern is entitled to use whatever assets it has at its disposal, be it movable and immovable property or human capital to further and promote its business. The plaintiff hired the second defendant due to his qualifications and experience, which included his certification

with the Sustainable Energy Development Authority. It was therefore entitled to tout those qualifications and experience in selling its services to the public and procuring business for the plaintiff. Further, the second defendant had not produced an iota of evidence to demonstrate how he suffered any loss from the plaintiff doing so. (paras 127, 128 & 131-134)

Case(s) referred to:

Asiawerks Global Investment Group Pte Ltd v. Ismail Syed Ahmad And Anor [2004] 1 SLR 234 ***(refd)***

BT Engineering Sdn Bhd v. Team United Resources Sdn Bhd & Anor [2012] 5 CLJ 800 HC ***(refd)***

Coco v. AN Clark (Engineers) Ltd [1969] RPC 41 ***(refd)***

Dr Bernadine Malini Martin v. MPH Magazine Sdn Bhd & Ors And Another Appeal [2010] 7 CLJ 525 CA ***(refd)***

Dynacast (Melaka) Sdn Bhd & Ors v. Vision Cast Sdn Bhd & Anor [2016] 6 CLJ 176 FC ***(refd)***

Electro Cad Australia Pty Ltd & Ors v. Mejati RCS Sdn Bhd & Ors [1998] 3 CLJ (Supp) 196 HC ***(refd)***

Faccenda Chicken v. Fowler [1985] FSR 105 ***(refd)***

Ganesh Raja Nagaiah & Ors v. NR Rubber Industries Sdn Bhd [2017] 4 CLJ 420 CA ***(refd)***

Ho Tack Sien & Ors v. Rotta Research Laboratorium S.p.A & Anor [2012] 8 CLJ 645 CA ***(refd)***

Lew Cher Phow & Yang Lain lwn. Pua Yong Yong & Satu Lagi [2009] 1 LNS 1256 HC ***(refd)***

Mohamad Izaham Mohamed Yatim v. Norina Zainol Abidin & Ors [2015] 7 CLJ 805 HC ***(refd)***

Muniandy Nadasan & Ors v. Dato' Prem Krishna Sahgal & Ors [2016] 1 LNS 592 HC ***(refd)***

Ng Kim Fong v. Menang Corporation (M) Sdn Bhd [2020] 1 LNS 1263 CA ***(refd)***

Ortus Expert White Sdn Bhd v. Nor Yanni Adom & Anor [2022] 2 CLJ 661 FC ***(refd)***

Reckitt & Colman Products Ltd v. Borden Inc & Ors [1990] 1 All ER 873 (HL) ***(refd)***

Seet Chuan Seng & Anor v. Tee Yih Jia Food Maufacturing Pte Ltd [1994] 3 CLJ 7 SC ***(refd)***

Skyworld Holdings Sdn Bhd & Ors v. Skyworld Development Sdn Bhd & Anor [2022] 5 CLJ 74 FC ***(refd)***

Ultra Dimension Sdn Bhd v. Kook Wei Kuan [2004] 5 CLJ 285 HC ***(refd)***

Yong Sze Fun & Anor v. Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2011] 1 LNS 1307 CA ***(refd)***

Zung Zang Wood Products Sdn Bhd & Ors v. Kwan Chee Hang Sdn Bhd & Ors [2014] 2 CLJ 445 FC ***(refd)***

Legislation referred to:

Copyright Act 1987, ss. 3, 7(1)(c), (3)(a), 10(3), 13(1)(a), (aa), 26(2), 36(1), 37(1)(d)

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JUDGMENT

Azlan Sulaiman JC:

Introduction

B **[1]** The proverb 'make hay while the sun shines' is commonly understood to mean taking advantage of whatever chance comes our way. There are repercussions, however, when persons take advantage of other persons' 'sunshine' without their permission.

C **[2]** A photovoltaic system a.k.a. solar power system ("PV system") is an electric power system designed for supplying usable solar power by means of photovoltaics. Its components include solar panels to absorb and convert sunlight into electricity, a solar inverter to convert the output from direct to alternating current, and mounting, cabling and other electrical accessories to set the system up. Though the initial outlay to install a PV system on the roof of a home or an office building may seem steep, there are higher savings from D lower utility bills in the long-run.

[3] The plaintiff's business is supplying and installing PV systems. So is the first defendant's. In fact, between November 2018 and January 2020 the plaintiff had subcontracted to the defendant the installation works of its PV system on four of its projects ("the subcontracted installation works"). E

[4] From 18 January 2016 until he was sacked on 7 April 2021, the second defendant was engaged by the plaintiff, first as a senior project engineer and later as an assistant project manager. In late 2016 when he expressed his desire to resign so that he could accompany his wife overseas F as she furthered her studies, the plaintiff graciously bent over backwards to accommodate him by continuing to employ him as he followed her abroad at a much higher remuneration, working from a distance. The other side of that coin was that he would be bonded to the plaintiff for five years from 1 September 2016. If he broke that bond, then he would be liable to pay RM80,000 to the plaintiff as compensation. He agreed, happily went abroad G and then returned.

[5] What the plaintiff did not know and the defendants never revealed to it was that, they were 'making hay' at the plaintiff's expense behind the plaintiff's back all that while.

H **[6]** The plaintiff's rude awakening came through the media when the first defendant was featured in an article in the 17 March 2021 issue of 'Kosmo!' newspaper. That article reported that the second defendant was the first defendant's "ketua pegawai operasi dan juga pengasas". In it, he was also reported as talking-up the first defendant's business and plans for the future. I Two photographs of him and another director of the first defendant also adorned the article. The plaintiff called him to task and, dissatisfied with his explanation, sacked him. Despite being sacked, the second defendant did not

return the mobile phone the plaintiff had provided him. Further, though he returned the laptop the plaintiff had provided him, it was considerably damaged, and he retained the hard-drive disc from it, refusing to return it. The plaintiff alleges that the mobile phone and the hard-disc contain the first defendant's confidential information (as set out in Appendix 1 of the statement of claim).

[7] That article in 'Kosmo!' turned out to be the tip of the iceberg. The plaintiff then discovered:

(i) that photographs of the subcontracted installation works ("the photos") were displayed on the first defendant's website;

(ii) that the second defendant had actually founded the first defendant in 2015, which was even before he joined the plaintiff, and that he was and remained a director until 2 January 2020, for almost four years when he was also in the plaintiff's employ;

(iii) that his wife had then replaced him as a director of the second defendant, and that she was a 47.5% shareholder;

(iv) that three months before he was sacked, on 1 March 2021 the second defendant was re-appointed as a director of the first defendant;

(v) that at all times the second defendant was a shareholder in the second defendant, and had never ceased to be one throughout his employ with the plaintiff; and

(vi) as at 14 March 2023, the second defendant was the majority shareholder in the first defendant (53%).

[8] By this action, the plaintiff brings claims against the first defendant and/or the second defendant for:

(i) copyright infringement;

(ii) passing off;

(iii) breach of confidence

(iv) conversion; and

(v) breach of contract of employment.

[9] The second defendant counterclaims against the plaintiff for damages for breach of his privacy in the use of his name in the plaintiff's e-Perolehan renewal application to the Ministry of Finance, Malaysia (MOF).

The Issues

[10] Pursuant to pre-trial case management directions, the parties had proposed 20 issues for trial. In consultation with the court, the issues have been streamlined to the following six. In the order in which I propose to address them, they are:

(i) whether the photos (which the plaintiff has reproduced in items (a) to (c) of Appendix 2 of the statement of claim) are protected by copyright? If so, whether the defendants have infringed the plaintiff's copyright pursuant to s. 36(1) of the Copyright Act 1987 ("Copyright Act") by publishing them on the first defendant's website? If so, what relief should be ordered?

(ii) whether the defendants have committed the tort of passing off against the plaintiff by publishing the photos on the first defendant's website? If so, what relief should be ordered?

(iii) whether the defendants breached the plaintiff's confidence with regard to the confidential information? if so, what relief should be ordered?

(iv) whether the second defendant committed the tort of conversion in respect of the mobile phone and the hard-drive disc together with all the confidential information contained therein? If so, what relief should be ordered?

(v) whether the second defendant breached the terms of his employment with the plaintiff? If so, what relief should be ordered? and

(vi) whether the use of the second defendant's name in the plaintiff's e-Perolehan renewal application to MOF was a breach of his privacy and/or caused him loss? If so, what relief should be ordered?

[11] The first three involve the plaintiff's claims against both defendants, the next two are against the second defendant alone, and the last is by the second defendant against the plaintiff. I believe that is a logical and feasible order for addressing them. The relief and orders to be made will be set out after I have decided liability for all issues.

First Issue: Whether The Photos Are Protected By Copyright? If So, Whether The Defendants Have Infringed The Plaintiff's Copyright Pursuant To Section 36(1) Of The Copyright Act?

Whether The Photographs Are Protected By Copyright

[12] Under s. 3 of the Copyright Act, the term "artistic work" means "a graphic work, photograph, sculpture or collage, irrespective of artistic quality."

[13] Under s. 7(1)(c) of the Copyright Act, images are artistic works and are eligible for copyright.

[14] Under s. 10(3) of the Copyright Act, "copyright shall subsist, subject to this Act, in every work eligible for copyright in the work is mad in Malaysia."

[15] In Appendix 2 of the statement of claim, after each of the photos is a table with particulars of each of them. Except for the fourth photo, one of the particulars is "photo author". The three identify the photo author as "Zharif Naim bin Hamdan (NRIC No: 930907-02-5865), employee of the plaintiff (Zharif)".

[16] At the trial, PW1 testified that all four of the photos were taken by Zharif whilst he was in the plaintiff's employ. Item (d) of the definition of "author" in s. 3 of the Copyright Act provides:

> author in relation to photographs, means the person by whom the arrangements for the taking of the photographs were undertaken.

[17] The plaintiff contended that, by s. 26(2) of the Copyright Act, the copyright is deemed to be transferred to the plaintiff as his employer. It provides:

> Notwithstanding subsection (6) of section 27, where a work not having been so commissioned is made in the author's employment, the copyright shall be deemed to be transferred to the person who commissioned the work or the author's employer, subject to any agreement between the parties excluding or limiting such transfer.

[18] The testimony at trial of the second defendant and DW3, also a former employee of the plaintiff, on the authorship of the photos was sketchy and inconsistent. The second defendant (DW1) said the first defendant took them, and only in his re-examination said it was someone called Izrin bin Sudarman. For the first time, despite this never having been pleaded and there being no evidence of it. The defendant's only plea in relation to the photos in para. 8 of their defence was a general denial of them, and that being photographs, they were not entitled to copyright or copyright protection.

[19] Though DW3 did testify that the appointed subcontractor of each project (*ie*, in this case the first defendant) would usually take the photographs, under cross-examination he conceded that he did not know who actually took them because he had joined the first defendant only later.

[20] Having listened carefully to their testimony and observing their demeanour, on the balance of probabilities I believe and accept the evidence of PW1 over DW1 and DW3, and find that Zharif authored all four of the photos whilst under the plaintiff's employ. That makes the plaintiff the owner of the copyright in them.

[21] The defendant's contention that the plaintiff failed to call Zharif to confirm he took the photos fails, because the defendants did not call anyone either. Further, as I mentioned earlier, Zharif's name appears in the table to three of the photos in Appendix 2.

[22] The defendants further contend that the photos are not eligible for copyright because they do not fulfil the requisites of s. 7(3)(a) of the Copyright Act which provides:

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> A literally, musical or artistic work shall not be eligible for copyright unless ... sufficient effort has been expended to make the work original in character.

[23] I do not agree. The photos are aerial, taken from up high using a drone. That surely requires skill and technique, and having to consider
B matters such as brightness, visibility, weather conditions, angles, *etc*. It was not as simple as clicking on a gadget or device to take simple images.

[24] I accordingly hold that, the photos are eligible for copyright and that the plaintiff did indeed own the copyright to them.

C Whether The Defendants Infringed The Plaintiff's Copyright To The Photos

[25] Under ss. 13(1)(a) and (aa) of the Copyright Act, as owner of the copyright in the photos, the plaintiff had the exclusive right to control in Malaysia the reproduction in any material form and the communication to the public of the photos.

D **[26]** Though the first defendant was the plaintiff's subcontractor for the subcontracted installation works, there was no evidence that it had obtained the plaintiffs permission to reproduce the photos on its website.

[27] I accordingly hold that, the first defendant has infringed the plaintiff's
E copyright in the photos by publishing them on its website.

[28] However, I do not similarly hold the second defendant liable to the plaintiff for copyright infringement. The plaintiff's case all along for copyright infringement was the reproduction of the photos on the first defendant's website, not any reproduction by the second defendant
F personally. Though the plaintiff did contend that it must have been the second defendant who did that, there was no proof of that. Nor did the plaintiff plead or pursue lifting the corporate veil of the first defendant to reveal the actions of the second defendant behind that.

[29] Consequently, only the first defendant is liable to the plaintiff for
G copyright infringement.

Issue 2: Whether The Defendants Committed The Tort Of Passing Off Against The Plaintiff By Publishing The Photos On The First Defendant's Website

[30] To prove passing off, the plaintiff must:

H (i) establish a goodwill or reputation in the goods or services it provides;

(ii) demonstrate a misrepresentation by the defendants which is likely to lead the public to believe that the goods it provides are those of the plaintiff's; and

I (iii) establish that damage has or will likely be caused.

Reckitt & Colman Products Ltd v. Borden Inc & Ors [1990] 1 All ER 873 (HL);

Ho Tack Sien & Ors v. Rotta Research Laboratorium S.p.A & Anor [2012] 8 CLJ 645 (CA);

Ortus Expert White Sdn Bhd v. Nor Yanni Adom & Anor [2022] 2 CLJ 661; [2022] 2 MLJ 67 (FC); and

Skyworld Holdings Sdn Bhd & Ors v. Skyworld Development Sdn Bhd & Anor [2022] 5 CLJ 74 (FC).

Goodwill Or Reputation

[31] Learned counsel for the defendants submitted that the plaintiff needs to establish goodwill in the photos. That is erroneous. Here, the plaintiff needs to establish goodwill and reputation in the services it provides, *ie*, supplying and installing PV systems which the photos are images of.

[32] On the evidence, I find that the plaintiff has acquired substantial reputation and goodwill in the business of designing, supplying and installing PV systems. Here are some reasons:

(i) the plaintiff has been engaged in that business since 1999, initially through its parent company, "Pekat Teknologi Sdn Bhd" and since 2010 as Pekat Solar Sdn Bhd;

(ii) the holding company, Pekat Group Bhd, was in February 2021 successfully listed on the ACE Market (*ie*, a sponsor-driven market designed for companies with growth prospects) of Bursa Malaysia Securities Berhad;

(iii) the plaintiff is a registered photovoltaic service provider with SEDA (Sustainable Energy Development Authority, Malaysia);

(iv) the plaintiff's extensive range of electrical products and accessories under the brands Pekat, PWeld and LEDsystem;

(v) industry recognition for its products and services as seen in the awards and certificates secured by the Pekat Group of Companies, including the plaintiff;

(vi) the plaintiff's wide range of customers, which includes individuals, commercial entities, statutory bodies, government agencies and NGOs;

(vii) the plaintiff has expended substantial expenses in advertising and promoting its business in Malaysia; and

(viii) the plaintiff's turnover revenue in Malaysia has increased substantially from RM4,213,000 in the year 2012 to RM72,133.556 in the year 2020.

A Misrepresentation

[33] In *Seet Chuan Seng & Anor v. Tee Yih Jia Food Maufacturing Pte Ltd* [1994] 3 CLJ 7; [1994] 2 MLJ 770, Gunn Chit Tuan CJ said:

> The principle of law regarding passing off has been plainly stated by Lord
B Parker in *Spalding v. Gamage 9* 'and that is, that nobody has any right to represent his goods as the goods of somebody else'. It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business are the business of another.

[34] The (then) Supreme Court also approved of the five characteristics
C which must be present in order to create a valid cause of action for passing off:

(i) a misrepresentation;

(ii) made by a trader in the course of trade;

D (iii) to prospective customers of his or ultimate consumers of goods or services supplied by him;

(iv) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and

E (v) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.

[35] In *Yong Sze Fun & Anor v. Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2011] 1 LNS 1307; [2012] 1 MLJ 585, Abdul Malik Ishak JCA said:

F > 194. The prevailing law is clear. It is that there is no requirement for a common field of activity to found a claim in passing off. But if there is, the court would place emphasis on it. Be that as it may, the crucial question to pose in every case is this. Whether there is as a result of a misrepresentation a real likelihood of confusion or deception of the public and consequent damage to the plaintiffs here? In this connection, it would
G be prudent to ask whether the public would regard the activities of the parties as being so similar that they are they are likely to be commercially connected.

[36] Slightly further along in the judgment, Abdul Malik Ishak JCA said:

H > 204. There is no necessity for the plaintiffs to prove actual confusion. The plaintiffs need only show the possibility of association.

[37] The photos appeared on the first defendant's website that was obviously intended and targeted for its prospective and ultimate customers.

[38] Exhibit D1 (eight pages of screenshots from the first defendant's
I website) actually contains 56 photographs, inclusive of the photos. This means that there were 52 other images and not just the four the plaintiff

adduced in Appendix 2 of the statement of claim. Six of those further images also mention the plaintiff's name. Apart from identifying the project concerned, the photos and all six of those further images (ten in all) are captioned:

[39] Further, in exh. D1, the same caption "scope: engineering installation works for ..." also appear with seven other aerial photographs of PV systems, for five other companies named Solar Bina Engineering Sdn Bhd (2), Hi Tech Solar Sdn Bhd (1), JS Solar Sdn Bhd (1), Revotech Electrical Sdn Bhd (2) and Solarrac Engineering Sdn Bhd (1).

[40] In addition, 36 other aerial photographs of PV systems in exh. D1 are for a host of other companies. Each of those photographs come with the words:

> Scope: Full EPCC for ...

"EPCC" stands for Engineering, Procurement, Construction and Commissioning. Under an EPCC contract, the first defendant would deliver a complete PV system which the recipient would only need turn a key or press a switch to start operating.

[41] Additionally, two photographs in exh. D1 are captioned:

> Scope: Full EPCC for Suria Dan Sonne Sdn Bhd.

That means PV systems by the first defendant for the first defendant itself.

[42] Even though the plaintiff's focus is on the photos and in essence asks the court to disregard all of the other 52 photographs that appear in exh. D1 for the purpose of finding passing off against the defendants, this court cannot do so. All 56 photographs that appear in exh. D1 must be considered collectively to ascertain whether there exists a real likelihood of confusion or deception of the public of a commercial connection between the first defendant and the plaintiff, that the first defendant is passing its services off as the services of the plaintiff.

[43] It is my finding that all of those 56 photographs collectively show three scenarios:

(i) the first defendant carrying out the full PV system contract itself, as a PV system contractor under an EPCC contract; or

(ii) the first defendant carrying out the full PV system as subcontractor for the actual PV system/EPCC contractor; or

(iii) the first defendant carrying out the engineering installation works of a PV system as subcontractor for the actual PV system/EPCC contractor.

[44] In this light, it is my finding that, collectively by all of those photographs, the first defendant is not passing off its services as the services of the plaintiff. To make such a finding would also mean that it is passing off its services as the services of all of those other PV system/EPCC contractors in (ii) and (iii).

[45] Further, the caption "scope: engineering installation works for Pekat Solar Sdn Bhd" with the photos do denote that the first defendant was merely carrying out engineering and installation works for the plaintiff.

[46] My finding may have been different if only caption-less photos and no others appeared on the first defendant's website. But that was not the case.

[47] I therefore find that, the plaintiff has not established misrepresentation.

Damages

[48] For damages, the plaintiff must demonstrate that it has suffered or, in a *quia timet* action that it would be likely to suffer, damages from the erroneous belief arising from the defendants' misrepresentation that the source of the defendants' good and services is the same as the plaintiff's. Actual damage need not be proved; it is sufficient to demonstrate that there is a likelihood of damage.

[49] In *Seet Chuan Seng & Anor, supra*, Gunn Chit Tuan CJ (Malaya) said:

> In an action for passing off, damage is also an essential element of the tort and it is necessary for the plaintiff to establish that he has suffered damage. However, if the goods in question, as in this case, are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of the exclusive use of his name.

[50] In *Yong Sze Fun* (*supra)*, Abdul Malik Ishak JCA said:

> On the facts, there is no necessity to prove actual damage. Since the parties are engaged in a common field of activity, damage would be presumed and inferred by the court.

[51] As the plaintiff and the first defendant were and are engaged in a common field of activity, there would arise a presumption and inference that damage could be caused to the plaintiff's business and goodwill.

[52] The defendants contend that there was no damage because there was no evidence that they had stolen any of the plaintiff's projects. That contention is misconceived, because actual loss in not a prerequisite.

[53] However, as misrepresentation is the basis for damage and as I had found there to be no misrepresentation by the first defendant that the services the first defendant was providing were the plaintiff's services, I find that this third criteria has also not been satisfied. No misrepresentation means no damages, actual or otherwise.

[54] I therefore dismiss the plaintiff's claim for passing off.

[55] Further, even if I had found that for the plaintiff on its claim for passing off, that would not have laid against the second defendant, for the exact same reasons I held that the second defendant was not liable to the plaintiff for its claim for copyright infringement.

Issue 4: Whether The Defendants Breached The Plaintiffs Confidence In Respect Of The Confidential Information As Set Out In Appendix 1 Of The Statement Of Claim?

[56] *Coco v. AN Clark (Engineers) Ltd* [1969] RPC 41, Megarry J set out the three elements for establishing breach of confidence:

(i) the information which the plaintiff is seeking to protect is of a confidential nature;

(ii) the information was communicated in circumstances importing an obligation of confidence; and

(iii) unauthorised use of that information to the detriment of the party communicating it.

[57] In *BT Engineering Sdn Bhd v. Team United Resources Sdn Bhd & Anor* [2012] 5 CLJ 800; [2012] 5 MLJ 720, Hanipah Farikullah JC (now JCA) referred to the case of *Faccenda Chicken v. Fowler* [1985] FSR 105 that essentially categorised three types of information for considering whether there had been a breach of confidence by an employee or ex-employee:

(i) information which, because of its trivial character or easy accessibility from public resources, cannot be regarded by reasonable persons or by the law as confidential. The employee is at liberty to disclose it during his service or afterwards as he pleases, even to a competitor;

(ii) information which the employee must treat as confidential (either because he is expressly told it is or because from the character it is obviously confidential) but which once learned necessarily remains in the employee's head and becomes part of his own skill and knowledge applied in the course of his employer's business. So long as the employment continues, he cannot otherwise use or disclose such information. But when he is no longer in the same service, the law allows him to use his full skill and knowledge for his own benefit in competition with his former master; and

(iii) specific trade secrets so confidential that, even though may necessarily have been learned by heart and even though the employee may have left the service, cannot lawfully be used save for the employer's benefit.

[58] The Court of Appeal in *Ng Kim Fong v. Menang Corporation (M) Sdn Bhd* [2020] 1 LNS 1263; [2020] MLJU 644 referred to and approved of this passage in *BT Engineering* (see para. 135 of the judgment of S Nantha Balan JCA).

Information Of A Confidential Nature

[59] Clauses 14 and 15 of the second defendant's letter of employment dated 12 January 2016 expressly provided:

> Clause 14
>
> All information obtained in the course of work of this Company shall be deemed to be strictly confidential. No such information including the documents, trade secrets and etc used in the company shall be divulged to any outside party. Should you FAIL to abide by this clause, the Management shall proceed to take the necessary cause of action deem necessary.
>
> Clause 15
>
> Disclosure or divulging to unauthorized persons or entities any confidential information relating to the company's operations, systems, quality control procedures, product design details, costing details, customer details, projects information, pricings and any information relating to its finances shall be deemed to be a serious offence and punishable with immediate dismissal.

[60] Item 2.0(c) of the handbook provided:

> Each employee shall neither divulge any knowledge of information, which he/she may acquire, concerning the operations of business of the Company nor shall he/she use such knowledge of information directly or indirectly for his/her own gain without the prior written consent of the Company

[61] The defendants argue that the plaintiff's information was not confidential because the PV system of all PV system providers are required to comply with Malaysian Standard MS 1837:2018 for "installation of grid-connected photovoltaic (PV) system (second revision)" ("MS 1837").

[62] I disagree. Item 1 of MS 1837 under the title "Scope", provides, *inter alia*:

> This Malaysian Standard sets out the **general installation requirements** for grid-connected photovoltaic (PV) arrays with direct current (DC) open circuit voltages up to 1 500 V between positive and negative conductors or up to 1 500 V with respect to earth.
>
> The objective of this standard is to **provide guidelines** on grid-connected PV system installation, electrical safety and fire protection requirements. (emphasis added)

[63] Notably absent is the word "design", which suggests the design of a PV system is not governed by MS 1837 and largely left to the creativity of designers according to the prevailing technology, which obviously develops over time.

[64] As MS 1837 merely set out general installation requirements and guidelines for PV systems, it did not affect the confidentiality of the plaintiff's confidential information.

[65] Therefore, I reject the second defendant argument that the plaintiff's confidential information was not confidential, and hold that it was.

Information Communicated To The Second Defendant Under An Obligation Of Confidence

[66] In January 2016, the second defendant was first appointed as a senior project engineer of the plaintiff, and at the end of 2017, he was promoted to assistant project manager. He also held a certificate of competency after successfully completing the training programme requirements for SEDA's Malaysia Grid-Connected photovoltaic Systems Design Course in 2014. The plaintiff was also engaged in a highly specialised industry.

[67] The confidential information as set out in Appendix 1 of the statement of claim is pretty extensive and encompassing.

[68] In view of these factors, I find that the information set out in Appendix 1 of the statement of claim was communicated to the second defendant under an obligation of confidence.

Unauthorised Use Of That Information To The Plaintiff's Detriment

[69] The plaintiff contends that, the second defendant's continuous involvement and association with the first defendant before, during and after he was also employed by the plaintiff means that he had communicated and transmitted the confidential information to the second defendant and that the second defendant had used it. Thus, the defendants had unauthorised use of the confidential information.

[70] The confidential information listed out in Appendix 1 of the statement of claim consists of over 100 items, over a wide range and spectrum of matters, including (to name just three) customer (existing and potential) information, technical information and purchasing information. The confidential information looks to pretty much make up the plaintiff's entire business.

[71] In *Dynacast (Melaka) Sdn Bhd & Ors v. Vision Cast Sdn Bhd & Anor* [2016] 6 CLJ 176; [2016] 3 MLJ 417, the plaintiff's alleged breach of confidence by the defendants when the second defendant, being the major director cum shareholder of the first defendant, set up a rival company, the first defendant, to carry out the same business and take over the plaintiffs' clients; used the knowledge and confidential information he had obtained during his tenure with the plaintiff to gain an unfair advantage over the plaintiff; used manufacturing techniques developed by the plaintiffs; and the defendants through the second defendant had unlawfully kept or possessed

the copyright materials of the plaintiffs without their knowledge or authorisation. In paras. [27] to [29] of the judgment, Richard Malanjum CJ (Sabah & Sarawak) said:

> We note that there is nothing in the statement of claim indicating that the plaintiffs confined their claim for breach of confidentiality clauses only on their four product lines. On the contrary, the claim is cast in the broadest terms possible including the various purported acts committed by the second defendant allegedly in breach of his covenants with the plaintiffs.
>
> While it is true that the claim of the plaintiffs is only to enforce the contractual clauses related to confidential information entered and agreed upon by the second defendant we do not think it is sufficient in the statement of claim by merely stating that the second defendant had 'misappropriated the private and confidential information of the plaintiffs'.
>
> Surely more particulars should have been given on the alleged misappropriated private and confidential information. The second defendant is entitled to know what are the private and confidential information allegedly to have been misappropriated by him. It would then allow him to contest the claim of privacy and confidentiality of those information. After all 'information will only be protected if it can properly be classed as a trade secret or as material which, while not properly to be described as a trade secret, is in all the circumstances of such a highly confidential nature as to require the same protection as a trade secret *eo nomine*' (see *Faccenda Chicken Ltd v. Fowler* [1987] Ch 117 and *Ixora Trading Incorporated And Another v. Jones And Another* (1989) IP & TDigest 11; [1990] FSR 251).

[72] In *Ganesh Raja Nagaiah & Ors v. NR Rubber Industries Sdn Bhd* [2017] 4 CLJ 420; [2017] 2 MLJ 396, Hamid Sultan JCA said:

> 5. The rules of pleadings as well as proof play an important part in dealing with cases related to confidential information. The concepts and principles appear to be uniform in common law jurisdictions. It is the requirement that the pleadings must clearly identify the information alleged to have been imparted in confidence and to have been misused by the defendant to secure an equitable remedy such as injunction, accounts, etc. If the pleadings only identify a generic breach of an agreement, then at the most the relief may be damages for breach of contract.

[73] What these two cases mean is that, if the plaintiff is alleging that the defendants have committed a breach of confidence in respect of the confidential information listed out in Appendix 1 of the statement of claim, then it needs to prove in respect of each and every one of the over 100 items therein that the second defendant had actually communicated it to the first defendant and that the first defendant had used that information.

[74] Taking just those three that I mentioned earlier (*ie,* customer information, technical information and purchasing information), communication by the second defendant and use by the first defendant would

have reasonably resulted in the first defendant approaching and luring the plaintiff's customers, the first defendant's PV systems being technically identical or exceedingly similar to the plaintiff's, and the first defendant approaching the plaintiff's suppliers to buy the raw material and hardware for its PV systems. Yet, in just these three items, the plaintiff did not adduce any evidence.

[75] In fact, there was no such evidence in respect of any of those items. The plaintiff simply listed out what looks like an exhaustive list of all of its confidential information and is asking this court to assume a breach of confidence for all of them because the second defendant retained the hard disc and the mobile phone that contained them.

[76] Further, if indeed the second defendant had actually communicated the confidential information to the first defendant and the first defendant had used it, then the first defendant's business would be a clone of the plaintiff's. Yet, the plaintiff did not adduce any evidence that the first defendant's business systems was even similar to the plaintiff's, nor draw any parallels or comparisons between them apart from being competitors in the same industry.

[77] Finally, the plaintiff failed to specify and categorise any of those over 100 matters listed in Appendix 1 of the statement of claim under the categories of information set out in *Faccenda Chicken* (*supra*). This would have been all the more imperative in this case given the professional qualifications and experience of the second defendant and DW3 in the PV system industry, before and after they were each in the plaintiffs employ.

[78] In these circumstances, I find that the plaintiff had failed to establish its claim for breach of confidence against both defendants and dismiss this claim against them.

Issue 3: Whether The Second Defendant Committed The Tort Of Conversion In Respect Of The Mobile Phone And The Hard-Drive Disc Together With All The Trade Information Relating To The Plaintiffs Business Contained Therein?

[79] In *Zung Zang Wood Products Sdn Bhd & Ors v. Kwan Chee Hang Sdn Bhd & Ors* [2014] 2 CLJ 445; [2014] 2 MLJ 799, Jeffrey Tan FCJ said:

> 53. A conversion is a voluntary act by one person inconsistent with the ownership rights of another. A conversion is the act of wilfully interfering with movable property without lawful justification whereby any person entitled thereto is deprived of the possession of it … And that the defendant's act may amount to conversion although he has not acted on his own account or converted to his own use.

[80] The plaintiff's action against the second defendant for conversion is in respect of:

(i) the original 500GB hard drive (exh. D4) ("the hard drive") that the second defendant had removed and retained from the HP laptop

(exh. P2) ("the laptop") that the plaintiff had provided to him during the course of his employment with the plaintiff;

(ii) the Samsung A52 mobile phone (exh. D5) ("the mobile phone") that the plaintiff had provided to him during the course of his employment with the plaintiff; and

(iii) the confidential information related to the plaintiff's business contained in the hard drive, the laptop and the mobile phone.

[81] It is a given that there can be conversion of the hard drive, the laptop and the mobile phone since they are physical objects. In respect of the trade information, the plaintiff relies on the decision in *Electro Cad Australia Pty Ltd & Ors v. Mejati RCS Sdn Bhd & Ors* [1998] 3 CLJ (Supp) 196; [1998] 3 MLJ 422.

[82] In that case, the plaintiff's action against the defendant's was to protect its stopcard auto theft device that enables a car owner remotely to stop his car from being driven away by an unauthorised driver by simply picking up his phone and dialling some digits. The plaintiffs contended that the defendants' retention of the information in that device was also subject to a claim for conversion. Kamalanathan Ratnam J said:

> I do not see why a claim for conversion cannot be upheld in respect of information. Although I note that there has been reluctance by the courts to treat information as property, it is my conclusion that due to the rapid and highly volatile revolution in technology and with the concept and subsequent incept of the Multi Media Super Corridor that our country has embarked upon to launch a clear vision 2020, the courts must take a broader view of the meaning of property and include information as such. The property referred to as the basis of this action is the information contained in Schs 1, 2 and 3. I am therefore willing to hold that information can form the basis of an action of conversion whether or not it is technically a part of intellectual property. I am even prepared to accept confidential information as falling within intellectual property for the purposes of giving rise to an action in conversion. To my mind, the submission of the defendants that there must be deprivation of use or possession of property before an action for conversion can emerge, is unattractive. I hold that a mere dealing with property in a way inconsistent with the rights of the owner is sufficient. I hold that the plaintiffs have successfully established this cause of action in tort against all the defendants. The law of conversion requires the fulfilment of any of the following:
>
> (1) When property is wrongly taken or parted with.
>
> (2) When property is wrongfully sold in market overt although not delivered.
>
> (3) When property is wrongfully retained.
>
> (4) When property is wrongfully destroyed or changed in nature.

(See *Clerk & Lind sell on Torts* (12th Ed).) It is obvious from the evidence so far available that the defendants had without authority taken possession of the plaintiffs' property with the intention of asserting a right over it.

[83] 25 years on and in the face of the rapid and highly volatile revolution in technology probably not anticipated in the last century, I see no reason to depart from that finding. I therefore find that the confidential information related to the plaintiff's business contained in the hard drive, the laptop and the mobile phone can be the basis of a claim for conversion.

[84] The only documents the plaintiff adduced that set out the terms and conditions of the second defendant's employment with it are:

(i) the letter of employment as senior project engineer dated 12 January 2016 ("the letter of employment");

(ii) the non-disclosure agreement dated 9 May 2019 ("the NDA"); and

(iii) Pekat Group of Companies' Staff Handbook 2017 ("the handbook").

[85] For the hard drive, the laptop and the mobile phone, the plaintiff also adduced an asset assignment form ("the asset assignment form") showing that the second defendant had received them on 3 July 2017.

[86] Even though item 12 of the handbook identified laptops (obviously inclusive of the original hard drive) and mobile phones provided to employees as "company assets" and item 12 of the letter of employment required the second defendant to compensate the plaintiff for loss or damage to the plaintiff's property, none of the three documents expressly provide for the return of the laptop and mobile phone upon termination of the second plaintiff's employment. The closest those documents come to that term 1 of the asset assignment form which stated:

... you are expected to return the ASSET in the condition you receive it."

[87] When the plaintiff demanded their return when it terminated his employment by letter dated 7 April 2021 ("the termination letter") and contended that he was obliged to return them, the second defendant never disputed his obligation to return them, but merely tried to justify why he could not return them, *ie,* that they contained his personal data.

[88] In these circumstances, I find that the second defendant was obliged to return the laptop (inclusive of the original hard drive) and the mobile phone when the plaintiff terminated his employment by letter dated 7 April 2021. It is only logical and expected that an employee leaving employment in whatever manner is obliged to return all property belonging to the employer.

[89] As for the plaintiff's confidential information in those devices, item 15 of the NDA expressly provides for the surrendering of "all documents, disks and/or other computer media" containing the plaintiff's confidential information on termination of his employment.

[90] At the trial, the second defendant said he was willing to return them. However, he also admitted in cross-examination that he never attempted to even once contact anyone from the plaintiff to return them.

[91] At the trial, the second defendant also tried to justify his failure to return them by contending that his personal data and information was in them and that he feared the plaintiff would misuse it. He further said his relationship with the plaintiff was by then frosty.

[92] I reject this attempt at justifying his retention of those items. The deletion of his personal information can always be managed without retaining them hard disc or the mobile phone. His excuses were unreasonable and unacceptable. The sanctity of the confidential information certainly far outweighs whatever subjective emotions the second defendant said he was feeling.

[93] Given that the second defendant tried to justify his retention of those items with unreasonable and unacceptable excuses, I further find that his conduct in retaining them was deliberate and unwarranted. That is supported by the fact that he admitted that he had removed the hard drive from the laptop intentionally.

[94] It necessarily follows that the second defendant's acts deprived the plaintiff from the use and possession of them.

[95] I therefore further find that the second defendant's failure to return the hard drive, the mobile phone and the trade information related to the plaintiff's business contained in them to constitute conversion, and that he is therefore liable to the plaintiff for that claim.

Issue 5: Whether The Second Defendant Breached His Terms Of Employment With The Plaintiff?

[96] The plaintiff cites eight instances in which the second defendant breached his terms of employment with the plaintiff. They are:

(i) copyright infringement;

(ii) conversion;

(iii) breach of confidence;

(iv) acting in conflict of interest against the plaintiff; and

(v) breaching the bond.

(vi) being absent without leave from 8 October 2021 - 28 February 2021;

(vii) damaging the plaintiff's assets/property/equipment;

[97] Having already decided the first three, I will only therefore deal with the remaining four on that list.

Conflict Of Interest

[98] In *Muniandy Nadasan & Ors v. Dato' Prem Krishna Sahgal & Ors* [2016] 1 LNS 592; [2016] 11 MLJ 38, Wong Kien Kheong J (now JCA) held that employees owe an implied contractual duty of good faith and fidelity to their employers. He cited the Singapore High Court case of *Asiawerks Global Investment Group Pte Ltd v. Ismail Syed Ahmad And Anor* [2004] 1 SLR 234 in which Tay Yong Kwang said:

> There can be no denying that all employees are expected to serve their employers diligently, honestly and loyally. What this duty translates into factually depends on the circumstances such as the nature of the work. Employees should not be engaged in other business or employment during their working hours without the approval of their employers. They should certainly not be diverting business opportunities that they got wind of only because of their employment status and during the subsistence of the employment, whether or not such information amounted to confidential information within the meaning of the law.

[99] Various terms and conditions of the second defendant's engagement mandated that he was to be devoted solely to his employment with the plaintiff to the exclusion of all other commercial or moonlighting activities. These included:

(i) Clause 16 of the Employment Contract that:

> You are not allowed to carry on or engage in any business, trade or any direct-selling activities whether directly or indirectly, whether for profit or otherwise, without the expressed written consent of the company.

(ii) Clause 11 of the handbook that:

> All employees must avoid entering into a situation, either actual or potential, that their personal interests could conflict or complete with the interest of the Company.
>
> Conflict of interest can arise in situations that an employee or close relative has with direct or indirect personal benefits in a business or organisation which competes with the Company or with which the Company has business dealings. In any cases where the employee has a doubt about the nature of a particular transaction or relationship, the employee must declare the matter to Head of Department and HR Department. Employee shall not engage in activities that will be in conflict with the interest of the Company.

(iii) Clause 10 of the NDA that:

> Without the consent of the Employer, the Employee further agrees not to directly or indirectly, engage or participate in any other business activities which the Employer, in their reasonable discretion, determines to be in conflict with the best interests of the Employer

[100] In para. 7 of this judgment are set out details showing the extent of the second defendant's continued involvement with the first defendant throughout the entire time he was also employed by the plaintiff.

[101] At the trial, the second defendant was also quite unperturbed and nonchalant in admitting that he did not inform the plaintiff of that involvement, even though he knew of those terms. He also contented that, in his opinion, he was under no obligation to disclose his or his wife's involvement in the first defendant because he says he was not involved in the first defendant's business. As a director and shareholder of the first defendant, that is hard to believe. As a director and shareholder of the first defendant, he certainly has a vested interest in the first defendant's commercial success.

[102] The plaintiff further adduced evidence of four emails from the first defendant to the second defendant involving the former's monetary claims:

(i) in the email of 28 September 2018, the first defendant submitted its progress claim for its work at Kota Tinggi "for your review and approval";

(ii) in its email dated 19 October 2018, the first defendant referred to the second defendant's request that it submit its quotation for two variation orders;

(iii) in its email dated 30 November 2018, the first defendant updated the second defendant on the progress of the projects in Kota Tinggi and Masai and said:

> We hope you can process the claims within this month.

(iv) in its second email dated 30 November 2018, the first defendant updated the second defendant on the progress of the project in Masai and said:

> We hope everything is in order to proceed with our claim.

[103] But by far, the second defendant's biggest transgression in relation to putting himself in a position of conflict of interest was when he appeared in a feature article on the first defendant in the 17 March 2021 edition of the tabloid newspaper, "Kosmo!" In that article, the second defendant is identified as the first defendant's "ketua pegawai operasi dan juga pengasas". He also goes on to speak about the first defendant's business and business plans and prospects rather extensively and in such detail that I find that it could only have come about as a result of an extensive interview between the journalist and the second defendant.

[104] Two photographs of the second defendant also appear in the article. In the first, the second defendant is smiling rather smugly, in front of a signboard that rather boldly proclaims:

Home Of Solar Experts

[105] In my opinion, even without the Kosmo! article, the second defendant was still in breach of acting in conflict of interest against the plaintiff. Given that the plaintiff and the first defendant were in the same PV system business, thus pursuing the same market and customers, he was under an obligation to disclose it. That would have given the plaintiff full knowledge of his background and circumstances to make an informed decision of questions like whether to employ him in the first place; whether he could continue to be involved with the first defendant as subcontractor in that time; in what capacity if they were to employ him; whether to engage the first defendant as subcontractor; and the extent to which the second defendant could deal and communicate with the first defendant as the plaintiff's contractor or subcontractor for any PV system engineering and installation works. That list is by no means exhaustive.

[106] I find that, given the terms of his employment with the plaintiff that I set out earlier, it was not up to the second defendant to subjectively and unilaterally determine whether or not he should have disclosed his links with the first defendant to the plaintiff. In my view, he was obliged to disclose his interest in the first defendant to the plaintiff from the outset when he applied for a job with the plaintiff, and let the chips fall where they may.

[107] The second defendant argues that he did inform the plaintiff when he mentioned his desire to start his own business. That argument again falls on deaf ears; there is a distinct difference between wanting to start your own business and already being involved all along in a competing business.

[108] Another context and angle is this: if the second defendant was genuinely not involved in the first defendant's business when employed by the plaintiff, why not disclose it? The concealment of that fact over a period of many years indicates to me that he knew it was wrong to put his fingers in many pots but nevertheless proceeded to do so as long as the plaintiff did not find out.

[109] I therefore find that, the second defendant deliberately put himself in a position of conflict of interest whilst employed with the plaintiff. He therefore breached his contract of employment in this regard.

Second Defendant's Breach Of Bond

[110] As I mentioned earlier, in August 2016, the second defendant expressed his desire to leave the plaintiff's employ to accompany his wife abroad as she furthered her studies. Instead, the plaintiff counter-offered him a special remuneration package that would allow him to stay employed with

the plaintiff and still accompany his wife abroad, at almost double his salary and with a promotion from senior project engineer to assistant project manager. That offer came with the following condition:

> You shall be bonded to the company for five years from 1 September 2016 until 31 August 2021. If you resign and leave the company before 31 August 2021, you are required to compensate the company and pay a sum of RM80,000.

[111] The second defendant accepted that special renumeration package and that condition, and went on his merry way abroad with his wife. And, after his stint abroad, he then returned to continue working with the plaintiff as assistant project manager.

[112] The plaintiff now claims that the second defendant breached that condition and is liable to pay to the plaintiff that bond of RM80,000 ("the bond").

[113] The second defendant's resistance to the claim is purely technical. He contends that, because he resigned, he did not breach that condition and is not liable to pay to pay the bond to the plaintiff.

[114] I reject the second defendant's contention. By appearing so blatantly and prominently in the Kosmo! article, in my view, in his mind he had already "resigned" from the plaintiff and was asking to be sacked. He well knew that, if he resigned, he would certainly have to pay the bond. His acting up was calculated to avoid that.

[115] In my view also, the liability to pay the bond is not just restricted to resigning, but also upon being terminated as it would still be leaving the company. If not, any employee with that same condition would simply act up whenever they wanted to leave the company and get dismissed, just to avoid paying such bond.

[116] Listening to the testimony and observing the demeanour of the second defendant at the trial, it is my view that the second defendant had purposely and intentionally conducted himself so publicly in such a way that the plaintiff was left with no choice but to dismiss him, and that he deliberately did so to try to escape the bond. This court will not fall for that.

[117] I therefore find that, the second defendant breached that condition and is liable to the plaintiff for the bond.

Being Absent Without Leave From 8 October 2021 – 28 February 2021

[118] This allegation can be dealt with without much ado, by my finding that the evidence did not sufficiently establish on a balance of probability that the second defendant was absent from work for that period.

[119] Further, under the terms of his employment, absences without leave would be dealt with internally through disciplinary proceedings, which could have culminated in termination of employment. The plaintiff's claim for

restitution of the remuneration paid to him in that period of his absence has no basis, and the plaintiff itself did not adduce any case authorities to advance or support that position.

Damaging The Plaintiff's Assets/Property/Equipment

[120] The assets here are the laptop and the mobile phone which were adduced and marked as exhibits. To say they were damaged is an understatement; they were smashed.

[121] As I had mentioned earlier, term 1 of the asset assignment form stated:

> .... you are expected to return the ASSET in the condition you receive it.

[122] The second defendant again proffered several excuses to avoid this claim, contending, *inter alia*, that the damage was ordinary wear and tear; that they were damaged in the course of him carrying out his duties (*ie,* accidently dropped from a height); and that he had timely reported the damage but that the plaintiff failed to replace them.

[123] I reject his excuses. Firstly, there was no evidence of these other than his testimony. Secondly, the damage was substantial to the extent that the laptop and the mobile phone are beyond any further use. Thirdly, his excuse that they were accidently dropped from a height does not gel with his other testimony that he wanted to leave the plaintiff because he was not doing the actual installation work but just only signing off the work of his subordinate engineers. Thus, there was no height to drop them from.

[124] I therefore find for the plaintiff on this breach.

[125] In conclusion, save for the allegation that he was absent without leave, I find that the second defendant breached his contract of employment with the plaintiff conversion, for acting in conflict of interest, breaching the Bind and damaging the plaintiff's assets/property/equipment.

Issue 6: Whether The Use Of The Second Defendant's Name In The Plaintiffs E-Perolehan Renewal Application To MOF Was A Breach Of His Privacy And/ Or Caused Him Loss

[126] The Malaysian Government has a e-procurement portal for contractors to register on to be considered and appointed for government projects.

[127] It is not disputed that the plaintiff applied to MOF for e-Perolehan renewal and that, for the purpose of that application they had listed the second defendant as its "project engineer", under the category "pengurusan". This was during his employment with the plaintiff, the said application having been made on 27 June 2020. The registration was for three years, to last until 26 June 2023.

[128] The second defendant contends that using his name was without his consent and therefore a breach of his privacy, for which he is entitled to damages.

[129] In *Dr Bernadine Malini Martin v. MPH Magazine Sdn Bhd & Ors And Another Appeal* [2010] 7 CLJ 525; [2010] 5 MLJ 755, the plaintiff alleged that the defendant had breached her privacy by placing her photograph in a bridal gown promotion-cum-advertisement in its magazine without her permission. The High Court found that, Malaysian law does not recognise an invasion of privacy as an actionable wrong. Hishamudin Yunus J (as he then was) said:

> The cause of action concerned the unauthorized publication of the plaintiff's photograph in a magazine meant for public circulation. To my mind, it was unethical and morally wrong for the first and second defendants to have published the plaintiff's photograph for the purpose of their commercial promotion without her consent. It was an unwarranted invasion of the plaintiff's privacy. It is unfortunate for the plaintiff, that the law of this country, as it stands presently, does not make an invasion of privacy an actionable wrongdoing (it is actionable under the law of some other jurisdictions, for example, in the United States).

The plaintiff's appeal to the Court of Appeal was dismissed.

[130] The High Court case of *Mohamad Izaham Mohamed Yatim v. Norina Zainol Abidin & Ors* [2015] 7 CLJ 805; [2017] 7 MLJ 772 involved a claim for invasion of privacy. Vazeer Alam J (now JCA) reviewed several Malaysian cases involving such claims. These included:

(i) the decisions of the High Court in *Ultra Dimension Sdn Bhd v. Kook Wei Kuan* [2004] 5 CLJ 285 and in *Lew Cher Phow & Yang Lain lwn. Pua Yong Yong & Satu Lagi* [2009] 1 LNS 1256; [2009] MLJ 1331 that held that that invasion of privacy rights does not give rise to cause of action in Malaysia;

(ii) the decision of the High Court in *Dr Bernadine Malini Martin* (*supra*), that was upheld by the Court of Appeal;

Vazeer Alam J (now JCA) concluded that, the law does not recognise invasion of privacy as an actionable tort.

[131] I therefore similarly find that, the law does not recognise invasion of privacy as an actionable tort in Malaysia.

[132] Even if invasion of privacy is an actionable tort in Malaysia, I would still not have found the plaintiff liable to the second defendant.

[133] Firstly, in my view, an ongoing business concern is entitled to use whatever assets it has at its disposal, be it movable and immovable property, or human capital, to further and promote its business. The plaintiff hired the second defendant due to his qualifications and experience, which included

his certification with SEDA. It was therefore entitled to tout those qualifications and experience in selling its services to the public and procuring business for the plaintiff.

[134] Secondly, the second defendant has not produced an iota of evidence to demonstrate how he has suffered any loss from the plaintiff doing so.

[135] I would therefore dismiss the second defendant's counterclaim against the plaintiff, with costs.

Conclusion As To Liability

[136] In conclusion:

(i) I find the first defendant liable to the plaintiff only for copyright infringement;

(ii) I find the second defendant liable to the plaintiff only for:

(i) conversion; and

(ii) breach of contract of employment.

(iii) I dismiss the second defendant's counterclaim against the plaintiff, with costs.

Relief

[137] Based on these findings, I make judgment in the plaintiffs favour for the following relief/orders:

Copyright infringement

(i) the first defendant is declared to have infringed the plaintiff's copyright in respect of the photos;

(ii) the first defendant is permanently injuncted/restrained, whether acting by itself, its officers, employees, servants or agents or any of them or otherwise however, from doing and/or continuing to do the following acts or any of them, that is to say:

(1) using, reproducing, storing, keeping, distributing, communicating, transmitting, broadcasting, displaying, uploading, downloading, sending, posting, giving, in whatever form, material or mode, the photos or any of them, or any photographs or images of any the plaintiff's projects;

(2) designing, engineering, manufacturing, producing, marketing, promoting, selling, distributing, disposing of, any solar photovoltaic system or any other related product(s), by using the photos or any photographs or images of any of the plaintiff's projects;

A

(3) exercising any one or all of the plaintiff's exclusive copyrights as set out in s. 13(1) of the Copyrights Act 1987, in respect of the whole or any part of the photos;

(4) to cause, enable and/or assist others to carry out any of the above acts;

B

(iii) an order that the first defendant provides to the plaintiff, within 14 days of the date of this judgment, a written statement on oath containing a list of the names, addresses, telephone numbers and email addresses of any person(s) who had obtained from any of the defendants, whether acting by itself/himself, its/his officers, employees, servants or agents or any of them or otherwise, copies of and/or devices which contain any of the photos;

C

(iv) an order that the first defendant, within 14 days of the date of this judgment, retrieve from any person(s) who had obtained from any of the defendants, whether acting by itself/himself, its/his officers, employees, servants or agents or any of them or otherwise however, all copies of and/or devices which contain any of the photos;

D

(v) an order for the first defendant, its/his officers, employees, servants or agents or any of them, within 14 days of the date of the judgment made herein, deliver up to the plaintiff, or at the plaintiff's option destroy, all copies of and/or devices which contain any of the photos and written verification upon oath that the defendants do not have in their possession, power, custody or control any such items/materials;

E

F

(vi) an order for the first defendant, its/his officers, employees, servants or agents or any of them, to give full discovery of all relevant documents, including invoices, contracts, customer records, sales records, delivery orders, accounts, relating to the designing, engineering, manufacturing, producing, marketing, promoting, selling, distributing, disposing of, solar photovoltaic system(s) or any other related product(s), that involved the use of any of the photos within 14 days of the date of the judgment or order made herein.

G

(vii) an order that the first defendant pay to the plaintiff statutory damages of RM100,000 under s. 37(1)(d) of the Copyright Act;

H

(viii) an order that the first defendant pay to the plaintiff general damages for copyright infringement, to be assessed

Conversion

I

(ix) the second defendant is declared to have committed the tort of conversion in respect of the original 1TB hard drive and the Samsung A52 mobile phone;

(x) that the second defendant do pay to the plaintiff general damages for the tort of conversion, to be assessed;

Breach Of Contract Of Employment

(xi) that the second defendant do pay the sum of RM80,000 to the plaintiff as damages for breach of the bond;

(xii) that the second defendant do pay to the plaintiff general damages for breach of contract of employment, to be assessed;

(xiii) all sums of damages awarded are to carry interest at the rate of 5% per annum from the date of the writ (*ie,* 25 October 2021) until the date of full settlement;

(xiv) the defendants are jointly and severally liable to pay to the plaintiff costs of RM80,000 for the plaintiff's claims subject to allocator; and

(xv) the second defendant is to pay to the plaintiff costs of RM50,000 for the dismissal of his counterclaims against the plaintiff, subject to allocator.